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Lafayette, Louisiana
January 8, 2004

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Hon. James H. Welsh
Commissioner of Conservation
Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

Re: 37 Sand, Reservoir A
Clovelly Field
Lafourche Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of the **STONE ENERGY CORPORATION** for the calling of a public hearing after legal notice to consider evidence relative to the issuance of an order pertaining to the following matters relating to the 37 Sand, Reservoir A, in the Clovelly Field, Lafourche Parish, Louisiana:

1. To establish rules and regulations and to create a single reservoirwide unit comprised of the entirety of the 37 Sand, Reservoir A, in the Clovelly Field, Lafourche Parish, Louisiana, as shown on the survey plat attached hereto and made a part hereof; and for the authorization and approval of a pressure maintenance and secondary recovery program, all in accordance with the provisions of Sub-section C of Section 5 of Title 30 of the Louisiana Revised Statutes of 1950 (Act 441 of 1960), as amended.
2. To force pool and unitize all separately owned tracts, mineral leases and other property interests within the proposed reservoirwide unit, with each tract sharing in

unit production based on productive surface acres, all as set forth in the Unit Agreement which covers the plans and terms of operations and which participations are shown on the attached survey plat.

3. To approve and adopt the Unit Agreement for the 37 Sand, Reservoir A, in the Clovelly Field, Lafourche Parish, Louisiana, which covers the plan and terms of unit operation for this reservoir.
4. To designate Stone Energy Corporation as operator of the proposed reservoirwide unit.
5. To authorize and approve for the proposed reservoirwide unit a pressure maintenance and secondary recovery program by the injection of water or other substances.
6. To provide for future reclassification of this reservoir without the necessity of a public hearing if reclassification becomes necessary due to a change in the producing characteristics.
7. To consider such other matters as may be pertinent.

The 37 Sand, Reservoir A, in the Clovelly Field, is defined as being that oil and gas bearing sand encountered between the depths of 11,015 feet and 11,047 feet (electrical log measurements) in the Stone Energy Corporation - Clovelly No. 40 Well, located in Section 32, Township 18 South, Range 22 East, Lafourche Parish, Louisiana.

In excess of seventy-five (75%) in interest of the royalty owners and the working interest and overriding royalty interest owners will have executed the Unit Agreement approving creation of the above described reservoirwide unit prior to the hearing scheduled for this matter.

Pertinent data concerning this proposal can be obtained, **AT THE COST OF THE REQUESTING PARTY** by contacting Mr. Bill McAlister, Leon Comeaux & Associates, P. O. Box 53922, Lafayette, Louisiana, 70505, Telephone No. 337/233-9839.

Attached hereto and made a part hereof is a survey plat outlining the proposed reservoirwide unit showing the tracts therein and the tract participation of each such tract and a list of the names and addresses of the Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Rules of Procedure, the list of parties is being furnished **only** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy

January 8, 2004

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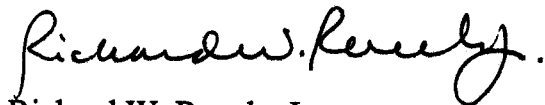
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of it. A reasonable effort was made to ascertain the names and addresses of all interested parties, represented parties and interested parties.

Finally, enclosed is our check on behalf of the applicant, in the amount of \$755.00 made payable to the Office of Conservation and representing the required hearing application fee.

Very truly yours,

LISKOW & LEWIS



Richard W. Revels, Jr.

RWRjr/dbf
Attachments

cc: Lafayette District Office of Conservation
cc: Interested Owners, Represented Parties and Interested Parties

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